HUD newsletter
U.S. Department of Housing and Urban Development
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Current Trends

Lumber production in February was at a seasonally-adjusted rate of 36.6 billion board feet... a decline of 2.8 percent from January and 0.1 below the February 1977 rate, the *National Forest Products Association* reports. Lumber shipments also declined in February... to a seasonally-adjusted annual rate of 34.5 billion board feet... down 4.7 percent from January and 3.3 percent less than the February 1977 level. Softwood lumber production was down 2.2 percent from January but 1.3 percent ahead of the February 1977 rate. Hardwood lumber production was down 5.9 percent from January and 7.5 percent lower than the rate of February 1977.

The monthly report on construction contracts of the *F.W. Dodge Division of McGraw-Hill* showed a 23 percent increase for March over the same month of 1977. For the first quarter... the rate was virtually the same as for the 1977 quarter. George A. Christie... *Dodge* Chief Economist... said that improved weather during the month brought about a rebound in new contracts for housing from earlier slow activity... and commercial and industrial building contracts were also strong.

The recent increase in the prime rate by a number of the Nation's leading banks strengthens the belief of many financial analysts that mortgage interest rates will soon reach the 10 percent level. The 10 percent prediction... along with a smaller 1978 rate of housing starts... emerged from the *NAHB Annual Residential Construction Forecast Conference.* The consensus of opinion was that starts for the year would be at least 10 percent below the 1977 record of over 2 million. One of the participants expects the rate to drop to 1.5 million... while generally... most of the others thought 1.6 to 1.7 million was more likely... with one or two participants calling 1.8 million the most realistic probable figure.

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National Museum of the Building Arts Proposed

Senator Charles McC. Mathias, Jr. (Md.) has introduced a bill to create a *Museum of the Building Arts* to be located in the Pension Building at Judiciary Square in Washington. The building... which was dedicated in 1887 to house the ***United States Pension Office***... is a landmark and an impressive example of 19th century classical architecture in the United States. If passed... the bill would establish for the first time... a centralized place to showcase and promote our building arts and sciences achievements.

At a press conference in the Pension Building interior courtyard, Mathias said: "This is an impressive and unique national treasure that should be restored and preserved. What more appropriate purpose for the Pension Building than to preserve it as our national *Museum of the Building Arts?* It is an ideal setting for the demonstration and study of American contributions in civil engineering, architecture, the building trades and crafts, landscape architecture, city planning and urban design."

The *Museum* is expected to serve as library and repository of archives... a site for exhibitions and expositions, and as a place for forums on planning, architecture, and building. It will be a clearinghouse for new technology and important ideas in such critical areas as energy conservation in future building design and city planning.

The *Museum* bill is cosponsored by Senators Randolph (W.Va.), Pell (R.I.), Stafford (Vt.), Cranston (Cal.), Javits (N.Y.), Moynihan (N.Y.), Case (N.J.), and Heinz (Pa.).

Updated HUD Program Booklet Available

A May 1978 revision of *Programs of HUD*. . . an updated booklet describing all of the *Department's* programs. . . has just been issued. . . detailing how particular programs operate, who is eligible to participate, and which Office within *HUD* administers them.

Each of the ***Department's*** functions is outlined. . . by major category of activity . . . such as: *Community Planning and Development; **FHA** Mortgage Insurance; Homeownership Assistance to Low- and Moderate-Income Families; Special Homeownership Program for the Elderly and Handicapped; Low-Rent Public Housing; Assistance for Nursing Homes and Health Care Facilities; Special Housing Programs for Indians, Disabled, and Military; Rehabilitation Loans; Research and Development Programs; New Communities; Fair Housing; Neighborhood and Consumer Affairs; Interstate Land Sales Registration; Federal Crime, Flood, and Riot Insurance; Federal Disaster Assistance; Secondary Mortgage Programs;* and others.

Copies are available without charge from the *HUD* Publications Service Center, Room B-258, Washington, D.C. 20410 (202/755-6420).

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Limited Rental Assistance Subsidy Program Reinstated

HUD* has reinstated a program to help owners of certain hardpressed housing projects and their poorest tenants cope with the economic pressures of rising tax and utility costs.** Suspended in January 1973. . . the program involved mortgage insurance and interest reduction payments to reduce rents for lower-income families. Beginning this summer. . . the ***Department will make payments of a limited subsidy to cover these increases in selected projects funded under ***HUD's*** old *Section 236 Rental Assistance Program.*

The *1977 Housing and Community Development Act* directed ***HUD*** to implement the subsidy program, subject to the availability of funds, Secretary Harris said, but so far none has been appropriated and the only money in fiscal year 1978 for carrying out the subsidy effort will be the *Housing Assistance Reserve Funds*. . . estimated to be no more than $11 million

More than 4,500 of these multifamily projects are now potentially eligible for the subsidy. . . the Secretary said. . . but only a small percentage. . . perhaps 7 percent. . . can be aided at this time because of the limited resources.

"The important thing," she said, "is we do have an obligation to implement a tax and utility cost subsidy program, and we are moving to meet it, to the extent reserve funds are available—something the previous Administration refused to do. Consistent with the President's approach to Federal spending, we are targeting our limited funds to aid those projects and tenants who need help most."

HUD has proposed a more comprehensive program. . . the *Flexible Subsidy*. . . to deal with overall financial problems of insured projects beginning in 1979.

HUD will direct the subsidy to those projects that have experienced the greatest per-unit increases in cost, and have the largest percentage of very low-income tenants needing additional help. . . generally those whose income is only 50 percent or less of the median income in their areas.

Projects eligible for the subsidy will be divided into two categories. . . those projects that were insured by ***HUD*** and those sponsored by State or local agencies but not insured. The available subsidy funds will be allocated to projects in each category according to the amount of money in the reserve fund which came from each type of project.

HUD has already notified owners of all *Section 236* projects to submit the information needed to calculate the tax and utility cost subsidy, and to date more than 90 percent have responded. ***HUD's*** Washington Headquarters staff will use this information to select those projects that will get priority consideration for the subsidy. Plans call for the program to become operational July 31.

Litigation initiated by a number of plaintiffs to force ***HUD*** compliance with subsidy provisions of the *1974 Housing Act* is currently in the process of being settled.

Block Grant Research Project Awarded

The *University of Pennsylvania* has been awarded a 4-year, $4 million grant to determine the impact of *HUD's* multi-billion dollar *Community Development Block Grant (CDBG) Program* **on the Nation's low- and moderate-income families.**

Robert Embry. . . ***HUD*** Assistant Secretary for Community Planning and Development and Administrator of the *Block Grant Program*. . . said the evaluation "will provide important guidance for local officials and community leaders for the most effective expenditure of *CDBG* funds. These are the people on the front line of decisionmaking in devising strategies to restore debilitated neighborhoods."

The study will be directed by Janet Rothenberg Pack of the ***University of Pennsylvania's School of Public and Urban Policy*** and Stephen Gale, chairman of the ***Department of Regional Sciences*** under a cooperative agreement with ***HUD***.

The results developed by the ***University*** will be useful for program review by Federal and local officials. Specifically, the study will examine who benefits from the expenditure of *CDBG* funds in all types of neighborhoods. It will seek answers to questions such as who is affected by rehabilitation programs, and whether spot or concentrated redevelopment more effectively impedes neighborhood decline. Data will be collected from a diverse sample of neighborhoods in 10 to 20 cities.

Sample cities for the study will be selected from the more than 500 *CDBG* formula-entitlement cities. . . central cities of *Standard Metropolitan Statistical Areas (SMSAs)* . . . and cities with populations over 50,000. Other ***HUD*** research projects are examining the role of *Block Grants* in urban counties and smaller cities.

HUD will receive the first findings from this project in the summer of 1979 and will use the information in preparation for ***Congressional*** reconsideration of the *Block Grant Program*.

The ***University of Pennsylvania*** won the grant under ***HUD's*** competitive procedures . . . and the grant is contingent not only on first-class analysis but on significant affirmative action efforts by the ***University*** in the selection of personnel to work on the project.

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HUD Marks 'Sun Day'

A display of solar energy uses in the home. . . working scale models of solar homes, demonstrations of how solar systems operate, films, and solar do-it-yourself and consumer tips. . . was the focus of *HUD's* participation in the *Sun Day* observance on May 3. The exhibit was at the ***HUD*** Building in Washington.

Sun Day is an international event with the express purpose of promoting citizen awareness and use of solar energy.

According to Secretary Harris. . . the nationwide activities of *Sun Day* were intended to draw the attention of individual Americans to the importance of energy conservation and the viability of new energy technologies. For those concerned with housing. . . the problems of energy supplies and costs are of crisis proportions and require immediate action. The ***Department's*** *Sun Day* exhibits offered the opportunity to observe and discover the solar energy and other alternative energy sources available for public use.

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FYI

New York University School of Continuing Education. . . *Seminars on Energy Conservation in Industrial Plants*. . . **Chicago**, June 15-16; **San Francisco**, July 6-7; **Washington, D.C.**, August 17-18; **Toronto (Canada)**, September 11-12; **New Orleans**, October 19-20; **Los Angeles**, November 9-10; and **Chicago**, December 18-19. **Details: Heidi E. Kaplan, Dept. 14 NR, *New York Management Center*, 360 Lexington Ave., New York, N.Y. 10017 (212/953-7262).**

National Leased Housing Association. . . *Seventh Annual Meeting*. . . Washington, D.C., June 14-16. **Details: *NLHA*, Suite 400-S, 1800 M St., N.W., Washington, D.C. 20036.**

Section 235 Rehab Elimination Proposed

In the April 26 *Federal Register*... ***HUD* proposed the elimination of substantial rehabilitation in** *Section 235* **housing.** The proposal would remove rehabilitation from the *Program* "as a result of previous problems which have beset the *235 Program* as they relate to unsatisfactory rehabilitation and default experience of mortgagors who have used it to buy rehabilitated homes."

Comments on the proposal are invited... and should be sent... no later than May 26... to the *Rules Docket Clerk, Office of the General Counsel, HUD* Room 5218, Washington, D.C. 20410 (202/426-8914).

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Publications Available

The Municipal Year Book 1978... the authoritative source book on trends and developments in American and Canadian cities is now available. New in '78 is a *Directory of Consultants* providing services to local governments; profiles of individual cities showing the latest data on governmental and financial characteristics of all municipalities over 10,000... along with the usual standard features brought up to date. 416 pages... 60 tables... 9 x 12 inches, casebound... subject index... 5-year cumulative subject index ... **$27.50 ($26.50 if payment accompanies order)... from *International City Management Association*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036.**

The following publications are available free from ***HUD***, Room B-258, Washington, D.C. 20410.

Federal Crime Insurance Against Burglary and Robbery Losses for Home & Business ... provides useful tips about shopping for *Federal Crime Insurance.*

Federal Crime Insurance Program... by James M. Rose, Jr., ***HUD*** Assistant Administrator for Crime Insurance... a reprint from ***HUD Challenge***, October 1974.

Documenting Disaster Damage... ***Federal Disaster Assistance Administration*** ... outlines steps to be taken by a representative of an applicant for Federal disaster assistance.

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